



---

## **MEMORANDUM**

**TO:** Health Care Commission  
Duane Goossen, Chair  
Connie Hafenstine  
Sandy Praeger  
Nancy Ruoff  
John Staton

**FROM:** Doug Farmer

**DATE:** March 23, 2009

**SUBJECT:** Dental Plan Design

In plan year 2008, the State Employee Health Plan (SEHP) adopted a value-based plan design that emphasized preventive care services. For plan year 2010, staff is reviewing options to expand the value-based plan philosophy to the dental program. Currently, the dental plan will pay for two dental preventive exams and/or cleanings per member per year with no out-of-pocket expense to the member. Delta Dental indicates that members who receive regular preventive care services require fewer expensive major restorative services. Savings associated with this type of change would not be seen in the immediate future but would occur over time as members require fewer major restorations.

One component that is included in each of the two options under consideration is increasing the plan deductible from \$45 to \$50 annually with a maximum of three deductibles applying to any family. Despite increased dental inflation, the dental plan deductible has not been increased since plan year 2004. In addition, we considered the inclusion of ancillary services and regular restorative dentistry services under the deductible. The Employee Advisory Committee (EAC) recommended that ancillary services, which provide for visits to the dentist for the emergency relief of pain, not be subject to the deductible and this change has been incorporated into both of the plan design options. Regular restorative dentistry, which includes coverage for amalgam restorations (silver fillings), composite resin restorations (white fillings), and stainless steel crowns for dependents under age twelve (12), will be subject to the plan deductible. Increasing the deductible and moving regular restorations under the deductible would save the State an estimated \$200,000 in plan year 2010.

Both of the value-based plan designs that are being considered require the member to receive preventive care services within the prior twelve (12) months to receive the highest level of benefits. Attached are the two plan designs.

**Plan design number one (1)** includes the increased deductible and applies the deductible to all basic and major restorative services including regular restorative dentistry. Under this plan design, if a member has received diagnostic or preventive care in the prior twelve (12) months, then the member's benefits will remain at the level currently provided under the dental plan in plan year 2009. If the member has no history of having had diagnostic or preventive service, then the benefits for basic and major restorative services would be reduced to fifty (50) percent and would remain at fifty (50) percent for a ninety (90) day period following the receipt of a diagnostic or preventive service. Compliance with diagnostic or preventive care for the purposes of this plan design would be one diagnostic or preventive service in the prior twelve months. Plan one has an estimated savings of three hundred forty-one thousand dollars (\$341,000) according to Delta Dental or an estimated savings of one hundred thousand dollars (\$100,000) according to Mercer. The midpoint between the two savings amounts is two hundred and twenty-one thousand dollars (\$221,000).

**Plan design number two (2)** is the same as plan design number one except that members who have had diagnostic or preventive services during the prior twelve (12) months would receive an enhanced benefit for basic restorative and major restorative services. The benefits for compliant members for these services are increased by five (5) percent over the benefits provided in the plan year 2009 plan design. If the member has no history of having diagnostic or preventive service, then the benefit for basic and major restorative services would be reduced to fifty (50) percent and would remain at fifty (50) percent for a one hundred eighty (180) day period following the receipt of a diagnostic or preventive service. Compliance for the purposes of this plan could be either one diagnostic or preventive service in the prior twelve (12) months. Delta Dental has indicated that plan design number two would increase expenditures by an estimated one million one hundred ninety-three thousand dollars (\$1,193,000). Mercer estimates the same plan will have an estimated cost of two hundred thousand dollars (\$200,000).

These value-based plan designs were discussed with the EAC at their January 28, 2009 and March 9, 2009 meetings. During the January 28<sup>th</sup> discussion, the EAC recommended requiring only one visit per year and leaving ancillary care under diagnostic and preventive services. These changes are incorporated into both plan designs. The revised plan designs were presented to the EAC at their March 9, 2009, meeting. Following a discussion of the revised plan design, the EAC voted to recommend approval of plan design number one.

**Recommendation:**

Staff recommends that the Health Care Commission adopt plan design number one for the 2010 plan year.